

THE CULTURE OF ROMANIAN ORGANIZATION: THE DIAGNOSIS OF THE REMANING MENTALITIES

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After 20 years of transition, the culture of Romanian companies is still dominated by some remaining block culture mentalities proper to Eastern and Central European countries. Although, from a technical point of view the transition may be regarded as an ended process, it is certain that there is still a communist inheritance strongly integrated in this culture in series of remaining mentalities. Such mentalities are to be found in the culture of Romanian companies framed into a vicious circle of inertia representing significant change resisting structures. Thus, this paper displays the results of a pilot study meant to establish the diagnosis of the dominant values of Romanian companies' culture. The results reveal the fact that although some reminiscences of the communist period are still integrated in the culture of Romanian companies some of those mentalities have been overcome.

Key words: organizational culture, block culture, remaining mentalities

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Introduction

Within the transition toward a competitive market, the capacity of Romanian firms to initiate internal changes and to cope with the external ones that is their adaptation capacity is conditioned mainly by some old mentalities of block culture characteristic to Eastern and Central European countries. Block culture represent that cultural fund common to all Central and Eastern European countries, acquired in over 40 years of command economy regime. It practically synthesizes the entire range of cultural remains of a 40-year experience, being a drawback to effective change, an impediment to the reforming process. This occurred, as Sztompka (1994) stated, as a result of old socialist regimes intention to forcefully modernize the society but still preserving traditional elements. The existence of such a culture, with all specific features, was highlighted by the empirical results of some researches made on different capitalized and evolutive components of transition societies (Bakacsi and Takacs, 1997; Karacsonyi, 2006; Taarniczky, 2006).

In the 80s, most communist countries began their reforms. In Romania, the situation was a little different considering that 1989 was the year when Ceausescu was removed and the communist regime ended. The uniqueness of the Romanian case could be more evident if we mention also: (1) the aggressive anti-abortion policy stated by Ceausescu in 1965 and operated until 1989, (2) the rationing of some basic goods, (3) the higher level of communicative isolation of people in Romania as compared to other communist countries (Romania being the only one without a capitalist neighbor). Since 1990, Romania involved into a series of deep reforms of economic systems, institutions, economic processes, individual fundamental attitudes and concepts. According to Scarlat and Scarlat (2007), Romania experienced three major distinctive levels in her way towards a free market economy: (1). 1990-1997: this level represented the period in which the socialist model was abandoned and free market economy principles were adopted. This period was characterized by high transition social costs such as: a dramatical lowering of living standard, a high unemployment rate due to the fact that many state enterprises were closed; high

inflation and a low exchange rate for the national currency; (2) 1998-2001: represented the period when liberalization and privatization reforms were accelerated and policies for economic increase were adopted. This stage was dominated by a series of structural reforms and austerity policies; (3). 2002-2005: In the above-mentioned authors' opinion, this stage marks the end of the transition period in Romania. According to EU Country Report, the transition period for a country ends when the economic system of the respective country reaches the level of a functional market economy. Thus, in 2003, the European Commission, stated in the report: "Romania may be rated as a functional market economy considering the progress made and the continuation of these progresses." At the same time, this period was marked by the reformation efforts in order to accomplish the requirements for integration in EU. On 1st January 2007, Romania became full member of the EU.

Although from a technical point of view, transition in Romania may be considered accomplished, it is certain that Romania must also overcome the communist inheritance and some remains of mentality that are still deeply integrated in her culture. Thus, in spite of all reforming progresses in the last 20 years, the remains of the communist past have not disappeared completely, yet. They are to be found in the culture of Romanian companies being strong resistance structures against change that frame them into a vicious circle of inertia and affect their competitiveness and performances. For example, the fear for the superior or the spur to hide mistakes is still common realities in Romanian companies. That is why, the efforts of Romanian managers to change the organizational culture should be a priority. Romanian companies should break the vicious circle of inertia and involve into a genuine process of change for increasing competitiveness and performances. Although, low performances should represent a major force in considering the change steps as Hill and Hull (2004) point out, in fact it rarely happens that such performances represent a reason for unleashing the process. The authors above mentioned, empirically proved that usually the organization needs external events in order to break the vicious circle of inertia. Taking into account that nowadays Romanian companies are a part of the global hyper-competition and considering the unprecedented dynamics of changes that alter the business environment, the need for a change becomes an essential condition of survival for companies. But organizational change should not represent a mere effect of restructuring and reforming. This change cannot be effective and efficient as long as it remains clustered to some strictly structural factors such as: changing property, technology or organizational structure. A change that disconsiders the organizational culture may be formal and very often blocked and obstructed by a series of factors that belong to the way and manner of structuring and understanding the formal and informal relations within the organization. Behavior and attitude patterns developed during a certain period within an organization are not only difficult to change, because of their inertia, but practically represent the most important and difficult to change structures.

In the context above described, the main question of our research was: At what extent the culture of Romanian companies is still dominated by some remaining communist economy mentalities and how many of them have been overcome?"

Research Methodology

The diagnosis analysis focused on three major directions: (1) the assessment of perceptions about fundamental values of market economy vs. remaining block culture mentalities; (2) the assessment of perceptions regarding key values of organizational culture; (3) the assessment of perceptions over the organization itself. The questionnaire was subdivided into three groups of questions according to the directions of diagnosis analysis settled, containing 21 close questions with 3 multiple choice questions.

In order to constitute the sample, 15 Romanian companies were selected according to the size (number of employees). Only 11 companies contacted – out of the 15 initially selected - accepted the poll; thus the answering rate was of 73,3%. The 11 companies were grouped according to

their size as follows: (1) one big company with over 250 employees, (2) seven middle-sized companies having between 50 and 249 employees; (3) three small companies having a number of employees between 10 and 49. These cover fields of activity ranging from processing industries (6), constructions (3), trade (1), and services (1). The turnover had a significant variability which represented an important asset for representativeness. A particular case is the fact that all companies had a profit or were even in 2008. The general profit rate (gross profit/ turnover) varied between 0 and + 9,7 with a consolidated value of 3,8%.

The 11 companies constituted the basis of the employees' sample, 881 were subordinates and 124 managers (top management and middle management) out of 1005 enquired persons. Out of 881 subordinates 14,67% ranged from 20 to 25 years old, 68,48% ranged from 26 to 45 years old and 16,85% ranged from 46 to 65. Out of 124 managers, 3,23% were aged between 20 and 25, 80,64% between 26 to 40 and 16,13% between 41 to 65. The sample structure according to age displays the structure of active population in Romania on age groups as well as the three generation-structure of active population taking as referential the year 1990: **the young generation** that was born in either the last years of the communist regime or in the first years after the fall of the communism. This generation has an innovative thinking, is very open to change yet has a low commitment to the organization; **the middle generation** encompasses the individuals that experienced both before-and-after-communism periods and are called "the children of transition", "fighters", or "survivors". "The survivors" prove a high degree of commitment to the organization and are open to change; **the old generation** is professionally trained during communism. Although the representatives of this group prove a high degree of commitment to the organization they are reluctant to changes.

The analysis and interpretation of the results

There are differences between managers' and subordinates' opinions regarding the manner in which the management took their vote. The employees that took part in voting the management were 55,4% subordinates and 38,7% managers; this confirms the inertia regarding the specificity of system changing in Romania. Its feature is that the employees vote for the management similar to the 1990s procedure which had negative results on the performances of Romanian enterprises through changing target function from maximizing economic efficiency to job protection and salary increase. One can notice that employees' vote for the managers is perceived as a way of controlling the future personnel. But this perception is unrealistic and it proves a serious change resistance source. At the same time, for both the subordinates and some managers it is not very clear the status of the owner who has the right to decide about the enterprises whose main shareholder is.

A high percentage of employees (71,1%) and of managers (58,1%) expressed in favor of protectionism stating that Romanian companies should be protected by the state against foreign competition in spite the fact that they think their own company can cope with this competition (50% subordinates, 74,2% managers). This apparent paradox may be explained by the remaining mentality according to which the state should interfere with companies' activities but also by the lack of information about the basics of free competition. On the other hand, the options of the enquired employees demonstrate the resistance to liberalization of trade which is a feature of the ex-communist countries.

At a social level there is an option for fair economic efficiency and competence criteria disfavouring the social egalitarianism. Regarding the salary differentiation, the results of the research showed that the enquired employees are willing to accept salary differences no matter how big according to individual performances, which implies that they reject the principled egalitarianism. From this point of view the research reveals that there are no remaining mentalities about equal salaries. After 20 years of egalitarianism, the idea of differentiation according to competences won.

The issue of job protection so sharp a few years ago, has now split. We can state that there is a de-radicalization of counter-reforming tendency, in which economic efficiency is sacrificed no matter how, for the job safety as it happened during the 1990s. When enquired if inefficient jobs should be saved only to prevent idling, only a minority (9,7% managers and 23,4% subordinates) answered “yes” in a categorical manner. After 20 years of transition, the remains of this mentality seem to vanish.

As to the delimitation between political and economic aspects, the enquired employees give a bigger importance to relationships that the management of the enterprise has with political environment (59,8% employees and 67,2% managers). This demonstrates that there is no clear delimitation between political and economic environment.

The quasi-unanimous opinion is that the success of a company depends on the way of managing it. . About the management of the organization, the preference is for a strong hand (63% subordinates and 83,9% managers). The option for a strong hand disfavoring employees’ active implication in decision-making process seems to be a consequence of employees’ lack of trust in democratic-participative mechanisms. The cause of this lack of trust lies on the idea that democratic institutionalized mechanisms work rather chaotically. Thus, this type of strong hand management seems to be the guarantee for a strategic coherence according to enquired subjects. Ready to act in group and to receive orders to execute, the subordinates but some managers, too, find it difficult to have initiative or creativity being thus, inhibited. This is in accordance with Romanian culture perception that power means distance.

With a view to criteria that should be used for salary differentiation there are different opinions of subordinates and managers. Managers state that the main criteria that should count are: the outcomes of the work (100%), competence and qualification (93,6%), position within the organization pyramid (51,6%). The subordinates state the following criteria for salary differentiation: competence and qualification (78,8%), outcomes of the work (76,1%) and number of work hours (60,3%). We have to notice that seniority, in general and length in service within the organization are the less important criteria for salary differentiation. This shows the choice for modern values compared to traditional values such as seniority. As to the criteria for choosing a job, the most important are those connected to work satisfaction and rewarding salary (in a reverse order for employees). We can notice that work safety is on the 3rd place for the subordinates and on the 4th for managers. This leads to the idea that job mobility concept won against the “I get hired and retired on the same job” concept. We can notice that the visibility of the company is not an important criterion in choosing a certain job.

Regarding the desirable attitude and behavior patterns of managers, according to the enquired subjects, the main qualities of a good manager should be competence and professionalism (86,4% subordinates and 96,8% managers). For both subordinates and managers the first three options comprise manager’s interest to solve employees’ problems (62,2% and 51,6% managers). The subordinates have also included employees’ motivation in the first three options while the managers rated it on the 4th position their 3rd option being decision-making. Thus, a rather modern value-focused orientation relying on competence and efficiency criteria is also noticed in appreciating the qualities a manager should have. As to the manner in which instructions must be followed there is a significant difference of perception between managers and subordinates. Managers are inclined to a formal task execution (54,8%) while the subordinates are inclined to an informal approach (68,7%) focusing more on a correct understanding of the decision. This demonstrates that orders-are-not-discussed-but-executed mentalities are overcome.

When asked “if your company didn’t have a retail market share or registered big losses” the enquired subjects rejected the idea of shutting down the company suggesting the reorganization of the activity. Should the company register big losses, the enquired subjects suggested first of all, to change the managers (51,61%) and after that reorganization of the activity (41, 94%). Only 3% of the enquired subjects think that the company should be closed in the first situation and 6,45% in the second situation.

The perception of the enquired subjects about the general situation of the company they work for is mostly favorable (63% subordinates and 77,4% managers) in accordance with reality as the companies included in the sample are profitable.

The answers of the subjects to the three questions concerning the organizational environment are convergent. Thus, managers and subordinates equally think that they have co-operation relations with the management of the company, conflict occurrence is reduced and team environment is pleasant or acceptable. Both managers and subordinates, with minimum disparities, mainly appreciate professionalism, correctitude and organizational capacity of their superiors.

According to the results, the level of communication within the company is differently perceived by managers and subordinates. Managers state that they are informed on a great extent, about the strategy of the company (87%) and the current problems of the company (93%). On the other hand, only 51,6% of the subordinates are informed about the strategy and 40,2% about the current problems. This difference in communication on the two levels is typical for all companies of the sample. This reveals a low communication degree inside the organization. From here we can see a median position of the companies enquired about the organizational culture dimension provided by the strict control vs. weak control.

Conclusions

The “communist legacy” is an expression used frequently after 1989 by Romanian governments when explaining their failure in improving the economic and social situation of the nation. Beyond the expression, there is an empirical reality with important consequences upon the transition period. After 20 years of transition, the culture of Romanian companies is still dominated by some remaining mentalities of block culture featuring the Central and Eastern European transition economies. These mentalities generate inertia and affect competitiveness and performance of Romanian companies considering that organizational culture represent the foundation to build a business strategy on. The adjustment of organizational culture to corporate strategy is an essential condition to achieve the competitive advantage. Although Romanian economy works according to market economy principles, values and mechanisms, our research emphasizes that at present, considering the employees’ values and attitudes, we can identify, on the one hand, modern values strongly associated with reforms and changes and on the other hand, values pertaining to a slowing-down reforming process mentality.

The conclusions of the study confirm what a well-known Romanian economic analyst, Silviu Brucan, stated in 1990, namely that Romania needed 20 years in order to learn market economy values. If in 1990 his affirmations seemed very pessimistic, after 20 years of transition we can say that they were realistic maybe even a little optimistic.

We believe that investing in the development of human resources is the most important direction for Romanian companies to act in order to overcome the remaining communist mentalities during the change of organizational culture. This is to be done by changing the mentality according to which the labor force is a cost with that according to which the labor force is an investment. Such investments should focus on the development of managerial education and the training of an efficient and productive labor force.

The limits of the research and future research directions

The limits of the research derive, first of all, from the fact that the dimensions of the sample of companies were too small in order to consider the results of the research relevant for all population of Romanian companies. Therefore, we intend to extend this research to a bigger number of companies. We would also like to repeat the research (longitudinal research) in order to supervise the evolution of remaining mentalities identified during time.

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